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No. 05-608

Supreme Court, U.S.
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In The
# Supreme Court of the United States

MEDIMMUNE, INC.,

*Petitioner,*

v.

GENENTECH, INC., *et al.*,

*Respondents.*

**On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit**

## BRIEF OF *AMICUS CURIAE* LICENSING EXECUTIVES SOCIETY (U.S.A. & CANADA), INC. IN SUPPORT OF NEITHER PARTY

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## STATEMENT OF INTEREST[1]

The Licensing Executives Society (U.S.A. & Canada), Inc. ("LES") is a non-profit professional society comprised of over 6,000 members engaged in the transfer, use, development, manufacture and marketing of intellectual property. LES's members include a wide range of professionals, including business executives, lawyers, licensing consultants, engineers, academicians, scientists and government officials, all of whom are engaged in the licensing of intellectual property. Members are employed by many large corporations, professional firms and universities. LES's purposes include: encouraging high standards and ethics among persons engaged in domestic and international licensing and transfers of technology and intellectual property rights; and assisting its members in improving their skills and techniques in those fields. With this broad-based constituency, LES is directly interested in the impact this Court's decision will have on the licensing of intellectual property, and patents in particular.

LES has received the consent of the parties in this case to file this brief.

## SUMMARY OF ARGUMENT

While this case directly concerns whether a patent licensee must materially breach a license agreement in order to bring a declaratory judgment action for invalidity

[1] Counsel for a party did not author this brief in whole or in part. No person or entity, other than the *Amicus Curiae*, its members, or its counsel made a monetary contribution to the preparation and submission of this brief.

of the licensed patent, it also highlights the uncertainty as to the vitality of the doctrine of *Lear v. Adkins*, 359 U.S. 653 (1969). This Court, in *Lear*, held that licensees could not be precluded from challenging the validity of a licensed patent under the doctrine of licensee estoppel. The progeny of *Lear*, however, have left licensees and licensors uncertain as to its effect.

Licensees and licensors now often do not know prior to entering into a license agreement whether, when, or how licensees will be permitted to challenge patent validity. Similarly, licensees and licensors often do not know to what extent licensors can prevent, hinder, or ameliorate the impact of such validity challenges. As with any contract, in order to ensure that each party to a license agreement receives its bargained for benefits, the parties should understand from the outset their full rights and liabilities under the license agreement. Without knowing what right a licensee has to challenge the validity of the licensed patent or what right a licensor has to prevent such a challenge or to terminate the agreement in the face of such a challenge, licensees and licensors cannot be certain as to the full scope of the bargained for exchange. Thus, both patent licensees and licensors have an interest in knowing with certainty the consequences of entering into a license agreement. The Court is now in a position to resolve uncertainty in this area by issuing a ruling that clarifies and explains the continuing validity and scope of the *Lear* doctrine. LES urges the Court to provide such clarity.

## ARGUMENT

### I. IN *LEAR V. ADKINS*, THIS COURT REJECTED THE DOCTRINE OF "LICENSEE ESTOPPEL"

The issue presented in this case is whether a licensee in good standing may bring a declaratory judgment action for patent invalidity. At its core, this issue has its roots in the doctrine of licensee estoppel, a doctrine that has existed in the United States since at least the middle of the nineteenth century. *See Lear*, 395 U.S. at 662. The concept of estopping a licensee from challenging patent validity is based on the principle of contract law that a purchaser may not "repudiate his promises simply because he later becomes dissatisfied with the bargain he has made." *Id.* at 668. In several cases in the early twentieth century, this Court upheld the application of licensee estoppel. *See U.S. v. Harvey Steel Co.*, 196 U.S. 310, 317 (1905); *Automatic Radio Mfg Co. v. Hazeltine Research, Inc.*, 339 U.S. 827, 836 (1950).

In 1969, however, this Court rejected the doctrine of licensee estoppel as conflicting with the "important public interest in permitting full and free competition in the use of ideas which are in reality a part of the public domain." *Lear*, 395 U.S. at 670-71. This Court further held that licensees are the only parties with sufficient economic incentive to challenge the validity of a patent, and therefore, if "muzzled," the public would be forced to pay for technology that should rightly be free for all to use. *Id.*

This Court also addressed whether a licensee could be required to pay royalties while it challenged the validity of a patent. *Id.* at 673. The Court found it "inconsistent with the aims of federal patent policy" to require a licensee to pay royalties during such a challenge. *Id.* In particular,

the Court expressed concern that such a requirement would deter licensees from bringing validity challenges. *Id.*

Commentators' responses to *Lear* were mixed. *See, e.g,* Rochelle C. Dreyfus, *Dethroning Lear: Licensee Estoppel and the Incentive to Innovate*, 72 Va. L. Rev. 677, 686-87 (1986) (discussing mixed response to *Lear*). Although the decision provided some certainty regarding the consequences of entering into a license agreement, it was unclear how broadly the decision would be applied.

For example, it was unclear whether *Lear* applied to all patent license agreements or only to non-exclusive license agreements such as those at issue in *Lear*. Further, because the estoppel negated in *Lear* was implied and not express in the contract, it was unclear whether a party could explicitly contract away its right to challenge patent validity. Moreover, if that estoppel did preclude an express contractual restriction, could a licensor provide a clause allowing for termination in the event of a validity challenge? Finally, while this Court held that a licensee could not be required to pay royalties during a validity challenge, it did not address whether a licensee could continue to pay royalties and still challenge the validity of the licensed patent.

## II. SINCE THE *LEAR* DECISION, THE COURTS OF APPEALS HAVE PROVIDED UNCERTAIN GUIDANCE TO CONTRACTING PARTIES

Following this Court's decision in *Lear*, the various courts of appeals attempted to resolve the various issues discussed above. While many of these issues were resolved without controversy, others remain uncertain to this day.

### A. The Courts of Appeals Have Provided Uncertain Guidance as to the Types of Agreements to Which *Lear* Applies.

Understanding the breadth of *Lear* is important for both licensees and licensors. Contracting parties need to know with certainty whether or not a promise not to challenge the validity of a patent in an agreement will be enforceable in advance of entering into an agreement. The enforceability of such a clause can be a significant form of consideration for a licensor and can greatly impact the negotiation of an agreement as a whole. Similarly, even if a licensee does not expressly promise not to challenge validity, it would benefit both licensees and licensors to know at the time they enter into an agreement when and how that licensee could challenge the validity of the licensed patent. Each party to the agreement would likely value the agreement differently if it knew that a licensee could challenge validity at any time or if it knew the licensee could not challenge validity and maintain the license.

For certain types of agreements, courts have applied *Lear* consistently. For example, *Lear* itself involved a non-exclusive license agreement, so licensees under such agreements have generally been able to rely on the protection provided by *Lear*. The courts of appeals have also held that *Lear* applies not only to non-exclusive license agreements, but also to exclusive license agreements. *See, e.g., Beckman Instruments, Inc. v. Technical Dev. Corp.*, 433 F.2d 55, 58 (7th Cir. 1970).

For other types of agreements, the guidance provided by the courts of appeals has been less clear. One such agreement is a consent judgment. Following *Lear*, several circuit courts of appeals held that the *res judicata* effect of

a consent judgment outweighed the policy concerns expressed by this Court in *Lear*, and therefore, enforced consent judgments precluding a licensee from challenging patent validity. *See, e.g., Interdynamics, Inc. v. Firma Wolf*, 653 F.2d 93, 97-98 (3rd Cir. 1981); *Schlegal Mfg. Co. v. USM Corp.*, 525 F.2d 775, 779-81 (6th Cir. 1975). The Seventh Circuit, however, found such a holding to be inconsistent with *Lear* and held that a "licensee, is not estopped from challenging the validity of the patent, even though a prior consent decree incorporated an understanding not to challenge the validity of the patent." *Kraly v. Nat'l Distillers and Chem. Corp.*, 502 F.2d 1366, 1369 (7th. Cir. 1974).

In 1982, the Court of Appeals for the Federal Circuit was formed and given exclusive jurisdiction over claims arising under the patent laws. Therefore, for the past 20 years, most, if not all, appeals addressing the issues raised in *Lear* have passed through the Federal Circuit. The Federal Circuit has consistently held that a consent judgment can act as a bar to future validity challenges. *See, e.g., Diversy Lever, Inc. v. Ecolab, Inc.*, 191 F.3d 1350, 1352 (Fed. Cir. 1999); *Foster v. Halco Mfg., Inc.*, 947 F.2d 469, 476-77 (Fed. Cir. 1991). While the Federal Circuit's consistency has removed some of the uncertainty regarding consent judgments, some uncertainty remains given the suggestion by the Seventh Circuit that the policy underlying those decisions conflicts with *Lear*.

Since the *Lear* decision, it has also not always been clear to what extent *Lear* applies to settlement agreements. When applying *Lear*, the Ninth Circuit has stated that making a distinction between a settlement agreement and a license agreement is "unworkable," because "it would be . . . easy to couch licensing arrangements in the

form of settlement agreements." *Massillon-Cleveland-Akron Sign Co. v. Golden State Adver. Co.*, 444 F.2d 425, 427 (9th Cir. 1971). The Ninth Circuit, therefore, held that *Lear* applied to a "settlement agreement" entered into before a litigation had been filed. *Id.* When addressing settlement agreements, the Federal Circuit has drawn a distinction between agreements entered into before litigation and those entered into after litigation, holding that a licensee can be estopped from challenging patent validity in an agreement settling actual litigation. *See, e.g., Flex-Foot, Inc. v. CRP, Inc.*, 238 F.3d 1362, 1369-70 (Fed. Cir. 2001). In so holding, the Federal Circuit found that the policy of encouraging settlement of litigation outweighs the public policy concerns expressed by this Court in *Lear*. The Federal Circuit has not clarified, however, whether the mere filing of a litigation prior to settlement is sufficient to take a settlement agreement outside of *Lear* or whether the contracting parties need to have more fully litigated the case for the policy favoring settlement of litigation to outweigh the public interest in having the validity of patents tested.

The need for further clarification on the extent to which the policies favoring settlement outweigh those expressed in *Lear* is illustrated by a recent case from the District Court for the Eastern District of Michigan. In *Warrior Lacrosse, Inc. v. Brine, Inc.*, No. 04-71649, 2006 WL 763190 (E.D. Mich. March 8, 2006), a licensee was estopped from challenging the validity of a patent licensed in a settlement agreement despite the fact that the settlement occurred in the very early stages of the litigation. 2006 WL 763190, at *25.

In *Warrior Lacrosse*, a licensee sought to challenge the validity of a patent licensed in connection with a litigation

settled in the early stages of the case. 2006 WL 763190, *23-27. The special master in *Warrior* held that the Federal Circuit's decision in *Flex-Foot*, 238 F.3d 1362, required that a licensee who waives the right to challenge the validity of a patent in an agreement settling litigation be estopped in any future action from challenging the validity of the licensed patent. 2006 WL 763190, at *24-25. The *Warrior* licensee argued that *Flex-Foot* was distinguishable because, in that case, the settlement had been entered into after extensive discovery and summary judgment briefing, while the litigation at issue in *Warrior* concluded in its early stages with little discovery and no summary judgment proceedings. *Id.* at *25. The special master concluded that the Federal Circuit placed no requirement on when in litigation the settlement must occur. *Id.* at *26. Moreover, the special master viewed the aims of judicial economy as better served by early settlement. *Id.* As a result, the special master found the licensee estopped from challenging validity. *Id.*

In *Warrior*, the special master interpreted the Federal Circuit's holding in *Flex-Foot* to mean that any settlement of litigation can result in licensee estoppel. *Id.* at *25. Under this interpretation, a license agreement reached after several years of negotiation could not be used to estop a licensee from challenging patent validity, while a "settlement agreement" reached after only a few weeks of litigation could. As a result of such a ruling, litigation can be used as a tactic to circumvent this court's holding in *Lear*. On the other hand, the filing of a suit is a known and identifiable event that can provide a bright line regarding the application of *Lear* to settlement agreements.

### B. The Courts of Appeals Have Not Provided Guidance as to the Enforceability of Clauses Providing Only Impediments, but not Absolute Bars, to Validity Challenges.

The agreement at issue in *Lear* did not have a clause expressly precluding validity challenges. Subsequent to *Lear*, however, the courts of appeals have consistently held that a clause in a license agreement expressly prohibiting a licensee from challenging patent validity is unenforceable. *See, e.g.*, *Massillon*, 444 F.2d at 427. While it is clear that, if *Lear* applies to an agreement, a licensor cannot contractually prohibit a licensee from challenging patent validity, it is unclear to what extent, if any, a licensor can provide an impediment to such a challenge. This is important to both licensees and licensors, as the ability to hinder or impede, if not bar, a validity challenge could substantially affect the negotiation of a license agreement.

For example, none of the courts of appeals have directly addressed whether a clause in a license agreement providing for termination in the event of a challenge to patent validity would be enforceable.[2] While such a clause may be viewed as a barrier to a licensee's validity challenge, it would at the same time provide some protection

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[2] In *Bayer AG v. Housey Pharms., Inc.*, 228 F. Supp.2d 467 (D. Del. 2002), the U.S. District Court for the District of Delaware was faced with a clause in a license agreement permitting termination if the licensee challenged the validity of the licensed patent and which also included a provision requiring the licensee to pay royalties during a validity challenge. *Id.* at 474. The court found the portion of the agreement requiring the payment of royalties during a challenge to validity to be unenforceable under *Lear*, but was silent as to the enforceability of the remainder of the clause. *Id.* This aspect of the decision was not appealed.

to the licensor where the licensee expressly contracts away the right to challenge validity while maintaining the license. Moreover, such a clause does not prevent a licensee from bringing a validity challenge, but only requires a licensee to choose between maintaining its license or bringing a validity challenge. Similarly, no courts have yet addressed whether a licensor could charge a higher royalty rate should a licensee bring a validity challenge. Again, such a clause might act as an impediment to a validity challenge, but would not act as an absolute bar. Both licensees and licensors have an interest in understanding the extent to which such provisions can be enforced under *Lear*.

### C. The Courts of Appeals Have Not Provided Clear Guidance as to When a Licensee may Invoke *Lear* to Bring Suit to Challenge Validity.

The Federal Circuit and other courts of appeals have taken differing approaches to the issue at the heart of the present case – whether a licensee in good standing has standing to bring a declaratory judgment action for invalidity. Prior to the formation of the Federal Circuit, the courts of appeals were generally split on whether a license agreement must be terminated in order for a licensee to bring a declaratory judgment action. *Compare Thiokol Chem. Corp. v. Burlington Indus., Inc.*, 448 F.2d 1328, 1330-31 (3rd Cir. 1971) (holding that while a license agreement is in place no threat of infringement exists) *with Warner-Jenkinson Co. v. Allied Chem. Corp.*, 567 F.2d 184, 187-88 (2nd Cir. 1977) (finding a case or controversy even though licensee had not ceased paying royalties under the license agreement).

The Federal Circuit has never held that a licensee in good standing may, in all cases, challenge the validity of a licensed patent. However, the Federal Circuit has indicated that licensees should not be discouraged from challenging the validity of a licensed patent by being put at risk for infringement. *C.R. Bard, Inc. v. Schwartz*, 716 F.2d 874, 880 (Fed. Cir. 1983). In that vein, the Federal Circuit rejected any bright line rule requiring termination of a license agreement in order to challenge validity, stating:

> We reject the blanket approach of *Thiokol* that there can never be an apprehension of a federal infringement suit and thus no controversy when a license is still in effect. To always require the termination of a license agreement as a precondition to suit would mean that a licensee must then bear the risk of liability of infringement. This would discourage licensees from contesting patent validity and would be contrary to the policies expressed in *Lear*.

*Id.* Instead, the Federal Circuit applied a "totality of the circumstances" test to determine whether an actual controversy existed. *Id.* Doing so, the Federal Circuit found an actual controversy based on the fact that the licensee had stopped paying royalties, and the agreement, therefore, could have been terminated. *Id.* at 880-81.

More than 20 years later, in *Gen-Probe v. Vysis*, 359 F.3d 1376 (Fed. Cir. 2004), the Federal Circuit suggested that licensees should not be permitted to challenge the validity of a licensed patent unless they are at risk for infringement. The Federal Circuit held in that case that a licensee could not bring a declaratory judgment action for patent invalidity without materially breaching the license

agreement. *Id.* at 1381. Noting that "the *Lear* doctrine . . . does not grant every licensee in every circumstance the right to challenge the validity of the licensed patent," the court expressed concern regarding the potential inequity of allowing a licensee to both maintain its license and simultaneously seek to invalidate the licensed patents. *Id.* at 1381-82. The Federal Circuit believed that such a result would require the licensor to "bear all the risk" and might discourage patentees from granting licenses. *Id.* at 1382. Thus, while the holding in *Gen-Probe* is not inconsistent with the holding in *C.R. Bard*, the tenor of the two cases is quite different, suggesting in one that licensees should be encouraged to challenge validity and noting in the other that licensees do not have an unfettered right to challenge validity and leaving licensees and licensors uncertain as to how and when validity may be challenged.

The *Gen-Probe* decision provides a bright-line rule that is easy to apply and follow. In this regard, the licensing community benefits from increased certainty. At the same time, however, *Gen-Probe* seems to be at odds with some of the policy concerns expressed by this Court in *Lear*. Specifically, while this Court in *Lear* was concerned with "unmuzzling" licensees, the *Gen-Probe* rule may have the effect of discouraging licensees from bringing validity challenges as the Federal Circuit itself suggests in *C.R. Bard*. The Second Circuit expressed similar concern in *Warner-Jenkinson*, stating:

> A licensee who wishes to continue using the patented element cannot withhold royalty payments without laying himself open to large potential liability for infringement and an injunction against all future use of the patented substance. If forced to make the hard choice, many licensees

> will choose the less perilous course, and the patents under which they are licensed will remain uncontested. *Lear* established that removing restraints on commerce caused by improperly-held patents should be considered more important than enforcing promised between contracting parties. Thus, the seeming inequity of allowing a licensee to keep his license while he attacks the validity of the licensor's patent is outweighed by the public interest in placing no impediment in the way of those in the best position to contest the validity of the underlying patent.

*Id.* at 187-88.

In addition, this issue has been made less clear by the fact that the courts of appeals, including the Federal Circuit, have rendered many decisions that expressly or impliedly permitted licensees to continue to pay royalties during a validity challenge, when the issue of declaratory judgment jurisdiction was not raised.

For example, some courts have held that *Lear* entitles a licensee to make payments to the licensor during a challenge to validity, and then recoup those royalties if successful. *See Warner-Jenkinson*, 567 F.2d at 188. Other courts have permitted the licensee to make payments into an escrow account pending the outcome of a validity challenge. *See Atlas Chem. Indus., Inc. v. Moraine Prods.*, 509 F.2d 1, 7 (6th Cir. 1977). The Federal Circuit, on the other hand, has said that a court cannot enjoin a licensor from terminating a license agreement where the licensee is paying royalties into escrow and not to the licensor. *See Cordis Corp. v. Medtronic, Inc.*, 780 F.2d 991, 995 (Fed. Cir. 1985). In *Cordis*, however, the Federal Circuit cited with approval the portions of *Warner-Jenkinson* indicating

that a licensee could pay royalties to the licensor during a validity challenge. *Id.*

More recently, however, the Federal Circuit held that a licensee cannot pay royalties at all during a validity challenge. *See Studingesellschaft Kohle, M.B.H. v. Shell Oil Co.*, 112 F.3d 1561, 1568 (Fed. Cir. 1997). In *Kohle*, the Federal Circuit held that a licensee is liable for royalties due under a license agreement until (1) it actually ceases the payment of royalties and (2) provides notice that the reason for ceasing payment is a claim of patent invalidity. *Studingesellschaft Kohle, M.B.H. v. Shell Oil Co.*, 112 F.3d 1561, 1568 (Fed. Cir. 1997). Therefore, a licensee may be liable for royalties due even under an invalid patent until it actually takes these two steps. *Id.*

As a consequence of the apparent tension created by *Gen-Probe* and the unclear law on the payment of royalties during validity challenges, the law in the area of patent licensing is less certain. Both patent licensees and licensors now have less certainty as to when a licensor will be able to challenge validity, what must be done to challenge validity, and whether a licensee can pay royalties during a challenge to validity and maintain the license.

One recent district court decision demonstrates this uncertainty. In *Advanced Card Techs. LLC v. Versatile Card Tech., Inc.*, 410 F.Supp.2d 158, (S.D.N.Y. 2006), a licensee was estopped from challenging patent validity in a suit to collect royalties even though the claims of the patents at issue had been cancelled by the U.S. Patent & Trademark Office during reexamination of the patents and even though the licensor had admitted that those claims were invalid. 410 F. Supp.2d at 160-61.

The licensee in *Advanced Card* disputed that certain of its products were covered by the licensed patents and thus refused to pay royalties on those products. 410 F. Supp.2d at 160-61. The licensee did not contend at that time that the patents were invalid and therefore continued to pay royalties on the products it acknowledged were covered by the licensed patents. *Id.* at 160. When the licensor sued to collect the royalties due, the licensee counterclaimed for invalidity, asserting that the patents were invalid because the claims in those patents had been cancelled during reexamination proceedings. *Id.* The district court relied on the Federal Circuit's decision in *Studingesellschaft Kohl*, 112 F.3d 1561, where the court held that a licensee was liable for royalties due under an invalid patent until it stopped royalties and notified the licensor that the royalties were not being paid based on a claim of invalidity. *Id.* at 161. Because the licensee in *Advanced Card* only refused to pay royalties on some products and then only based that refusal on a claim of non-infringement, the district court held that licensee estoppel would apply and the licensee could not challenge the validity of the licensed patents. *Id.* at 161.

Thus, in *Advanced Card*, the licensee was estopped from challenging validity even though it had stopped paying royalties and even though the claims were admittedly invalid. *Id.* While the facts of *Advanced Card* are certainly distinguishable from *Lear*, at its core, the result of that case was that a licensee under a nonexclusive license agreement was estopped from challenging patent validity in a suit seeking to collect royalties. The district court expressed surprise at the licensee's unwillingness to cease payment for all products, 112 F.3d at 162, perhaps not recognizing that the licensee did not wish to have the

license terminated for those products that it conceded were covered by the patent or might be covered by new claims that were to issue.

## III. GUIDANCE IS NEEDED FROM THIS COURT TO PROVIDE CERTAINTY REGARDING THE APPLICATION OF LICENSEE ESTOPPEL IN PATENT LICENSE AGREEMENTS

The decisions discussed above demonstrate the need for this Court to provide guidance in the area of licensee estoppel. In the present case, this Court has the opportunity to clarify the continuing scope and effect, if any, of the *Lear* doctrine. First, the Court can either reaffirm the continuing validity of the *Lear* doctrine or overrule that doctrine once and for all. Second, the Court can provide certainty with respect to the reach of *Lear* and the requirements for a licensee's challenge to patent validity. LES does not urge a particular ruling from this Court on these issues. LES only asks that the Court provide licensees and licensors the ability to readily determine when licensee estoppel will apply and when a licensee can bring an action to challenge patent validity.

In addition, if the Court overturns the Federal Circuit's requirement that a licensee materially breach a license agreement in order to challenge patent validity, LES requests that the Court provide further guidance on exactly what is required to bring a challenge to validity. In other words, can any licensee challenge validity or must it first demonstrate some actual dispute?

As noted above, there are also several issues that could remain unsettled if this Court finds that *Lear* permits a licensee in good standing to challenge validity.

For instance, does *Lear* prohibit any impediment to challenging the validity of a licensed patent? For example, can a licensor include a clause in an agreement permitting termination in the event of a challenge to patent validity? While such a clause may be viewed as potentially discouraging licensees from challenging validity, it would at the same time provide some protection to the licensor where the licensee expressly contracts away the right to challenge validity while maintaining the license. Alternatively, can a licensor establish different royalties based on whether the licensee challenges validity? While a higher royalty rate following a validity challenge could also be viewed as a disincentive to the licensee, the licensee would not be barred from challenging validity and the licensee could keep the license. At the same time, the higher royalty rate could take some of the risk off of the licensor and could be an acknowledgement of at least some of the costs associated with defending the validity of the licensed patent.

In addition, if a licensee can continue to pay royalties during a validity challenge, another issue that remains is whether a licensee can seek a refund of the royalties paid after a challenge to validity. In that situation, there would be less incentive for the licensee to challenge validity early since it could simply wait and attempt to recoup the royalties paid many years later, thus frustrating the policy underlying *Lear*. Alternatively, can a licensee pay royalties into an escrow account during a validity challenge?

Finally, yet another issue is whether a licensee in good standing can challenge issues other than the validity of a licensed patent, such as whether the licensee does not infringe that patent. This Court has stated that the public has an interest in having the validity of patents tested,

but this Court has not discussed whether any such public interest exists with respect to infringement. A licensee's interest in having infringement adjudicated would appear to be a personal one. Thus, even if this Court considers it fair to allow a licensee in good standing to challenge validity, a question remains as to whether it is fair to allow that licensee to challenge infringement. LES requests further guidance on these issues.

## CONCLUSION

For these reasons, the Licensing Executives Society (U.S.A. & Canada), Inc. requests that the Court's ruling in this case provide the certainty desired by licensees and licensors in the area of licensee estoppel.

Respectfully submitted,

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